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Allocate or avoid? Advisors weigh in on the recent gold rush
By Rob Burgess
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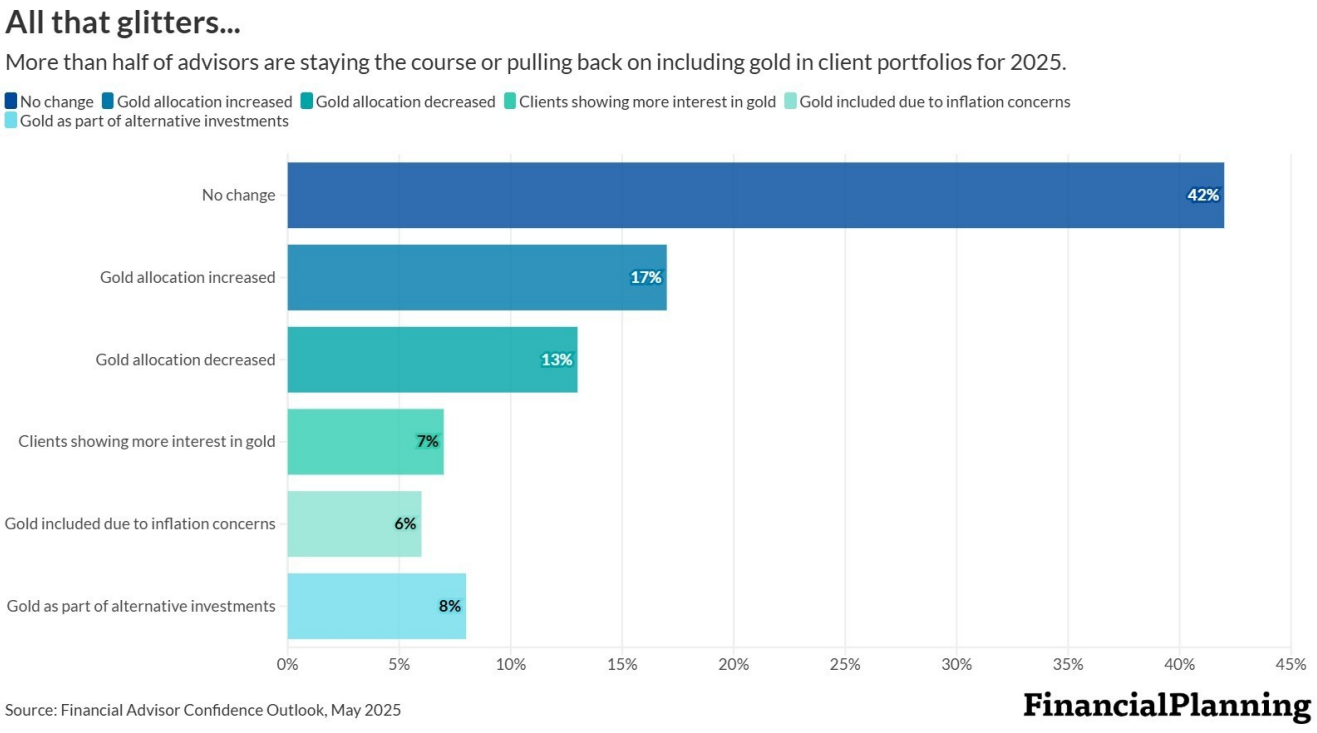
Gold has staged an impressive rally this year, surging past Goldman Sachs' 2025 forecast to briefly hit $3,500 per troy ounce before settling just above $3,200.

The precious metal is often a go-to for nervous investors during times of uncertainty, which has abounded of late, given ongoing tariff-induced turmoil.

But has that prompted advisors to update allocations? To gauge advisor sentiment, the May Financial Advisor Confidence Outlook (FACO) survey asked advisors and planners, "How, if at all, has your view on including gold in client portfolios evolved this year?"

The majority of respondents (42%) said their views on gold had not changed, while 17% said they were increasing allocations, and 13% indicated that they would be decreasing allocations. Here's what's behind their thinking.



The case for gold
One advisor said they are consistently holding a "small position" in gold, remarking that, "It tends to perform well when markets are volatile, and I believe clients like to see it in their portfolio as reassurance when there's a lot of

movement in the markets."

Another advisor reported that they "have advised more clients to invest and hold gold as part of their diversified portfolio."

"Our firm has had gold and we let the gold continue to grow," said one advisor. "However, we are discussing trimming gold back a bit."

Eight percent of advisors reported using gold as a diversification tool in alternative investments.

"We are carrying more precious metals and other hard assets than we ever have and also hold gold and uranium mining stocks," said one advisor.

The case against gold

But if advisors weren't already fans of gold investing, the asset's recent price increase probably hasn't changed that perspective.

"Not a fan of commodities, since they generate no income," said one advisor. "Their value is derived only if someone else pays more for it than I did, and they tend to achieve the rate of inflation over the long term."

Others were more blunt.

"Long term, gold is a stupid investment," said one advisor. "That never changes."

Many advisors expressed concern over the long-term performance of gold as compared to other investment options.

"Every now and then, during fears and stock volatility, it shines in the short term, but it has never really held water against stocks over time," said one advisor.

For some, gold's record highs illustrate exactly why they aren't compelled to move.

"The ship has sailed," said one advisor. "If it wasn't in the portfolio before, now is the worst time to add it. I encourage against it as it is not an investment [as it] has no earnings."

What advisors are hearing from clients on gold

Advisors who reported having clients show more interest in gold this month clocked in at 7% of respondents.

"More clients are asking about gold exposure," said one advisor, who places it as a hedge.

As the price of gold surged, another advisor said that they began to hear from their retired clients who grew up believing gold was a "wonderful asset to own"

and that they were now looking at the 10-year rate of return, wondering about "all that it can mean to us."

Six percent of advisors said they included gold in portfolios due to inflation concerns.

"We have used gold more than ever due to the pervasive fear created by the tariffs and the spike in inflation," said one advisor.

One advisor with clients interested in gold decided to steer them toward cryptocurrency instead.

"They'd be better off adding that 10% to bitcoin at this point," said the advisor. "The writing is on the wall."